What GrandMet plans for Pillsbury

By LAUREL WENTZ and JULIE LIESSE ERICKSON

Burger King Corp. can expect an injection of marketing dollars if Grand Metropolitan's proposed acquisition of Pillsbury Co. succeeds.

But N W Ayer then could have to win the advertising account all over again.

Sources familiar with the London-based conglomerate say it has a history of aggressively funding advertising and making dispassionate decisions about agencies.

While that doesn't mean GrandMet would start a formal review of the existing $200 million Burger King account, the British company's top executives wouldn't hesitate to drop the agency if they thought better work could be had elsewhere, sources said. Ayer has had the Burger King account for a year.

Despite frantic actions by Pillsbury, analysts and GrandMet officials seemed confident at the end of last week that the $5.2 billion unfriendly takeover attempt would succeed.

"We are confident that the blend of Grand Metropolitan's experience, innovation and resources with Pillsbury's established brand names, quality products and talented employees will create an organization with the potential to be a worldwide leader in the manufacture and sale of branded foods," said Ian Martin, ceo of GrandMet USA, in a letter to Pillsbury CEO Philip Smith.

Those familiar with GrandMet paint it as a company dedicated to brand marketing but also as a lean and efficient organization that acts quickly to solve problems.

"This is not a buy-it-and-break-it-up plan," said Frank Krum, president of Alpo Pet Foods, a key GrandMet subsidiary in the U.S. "GrandMet will be investing heavily in all the Pillsbury brands.

"They are committed to becoming a force in foods and committed to brand development. They move very quickly; they have an exciting attitude of being dissatisfied with things as they are."

That may not be good news for New York-based Ayer, which might also be troubled by comments from Keith Holloway, GrandMet's commercial affairs director in London.

"Our belief is that Burger King needs a very superb advertising campaign, and we'd go to a lot of trouble to get the best creative product," Mr. Holloway said. "We've already pinpointed advertising that has not been consistent over time. A big idea is needed that can be built over time. We would bring additional support and consistency to the advertising."

Ayer officials weren't available for comment at press time.

GrandMet's style also may mean trouble for Mr. Smith,

(Continued on Page 74)

Last Minute News

CBS takes promotions in-house

NEW YORK—CBS-TV Network has pulled its on-air program promotion assignment in-house from Backer Spielvogel Bates. Backer keeps media planning, print advertising and collateral. Backer won the $40 million account last year (AA, Aug. 31, 1987), but affiliates severely criticized the agency's promotions for CBS' prime-time shows. The creative assignment may go to another agency. New on-air promotion breaks next week.

Wrangler splits with Saatchi

GREENSBORO, N.C.—Wrangler is reviewing agencies for its estimated $10 million account after splitting with Saatchi & Saatchi DFS Compton, New York. Finalists are the Martin Agency, Richmond, Va.; Henderson Advertising, Greenville, S.C.; HutchesonShutze, Atlanta; and W.B. Doner & Co., Baltimore. A decision is expected by mid-November.

Hawley Martin rethinks shop buy

RICHMOND, VA.—Hawley Martin Partners, the new shop created by Martin Agency founder David Martin, is dissolving its unsigned agreement to buy Ford & Westbrook, sources said (AA, Aug. 22). Hawley Martin claimed to have combined billings of $50 million, $35 million of which came from Ford & Westbrook. The merger wasn't completed because Ford & Westbrook was too deeply in debt, the sources said. Brad Armstrong, a Ford & Westbrook partner who was to be president of Hawley Martin, confirmed last week that his old agency "had some cash flow problems that affected the structure of the agreement." But he denied that Mr.

(Continued on Page 8)

October 10, 1988

Advertising Age

Crain's International Newspaper of Marketing.

ESPN to kick off sports magazine

By PATRICK REILLY

ESPN, the nation's largest cable TV network, will unveil a monthly sports magazine to be distributed in home-delivered Sunday editions of major metropolitan newspapers.

The New York Times, The Boston Globe, San Francisco Chronicle, The Dallas Morning News and eight other newspapers have signed on.

The advertiser-supported magazine, called *TV Sports*, will be created by Crosby Vandenburgh Group, a Boston-based custom magazine publisher. It will be launched in December.

The full-size book will appear in the last Sunday edition of each month, only in home-delivered copies to neighborhoods wired for cable and only to homes with median household incomes of $35,000 or more.

CVG, which will handle the editorial and sales functions of *TV Sports*, said it has already signed RJR Nabisco and Philip Morris Cos. as advertisers for multiple products.

Ad rates are $21,500 for a b&w page and $30,200 for a color page. Rate base will be 2 million.

TV Sports will be subtitled "The Magazine of Televised Sports" and carry listings of sports events on ESPN as well as the Big 3 TV networks and other cable services.

Editorial will include features on TV sporting events and will be mixed with a prime-time chart of events and an innovative listing of monthly programs by sport.

"We are trying to make the magazine as usable as possible to the viewer," said Roger Werner, president of ESPN. "The [broad range of] listings in the long

(Continued on Page 70)

Grocery chain dumps major package goods

By JULIE LIESSE ERICKSON

The nation's fifth-largest supermarket chain, Winn-Dixie Stores, is dropping products of grocery marketers that have refused to comply with its demand for standardized promotional allowances.

ADVERTISING AGE has learned that products from Campbell Soup Co., General Mills, Quaker Oats Co. and Procter & Gamble Co. are among those not being restocked by Winn-Dixie, a 1,300-store chain based in Jacksonville, Fla.

General Mills, Quaker and General Foods Corp. last week joined P&G and Pillsbury Co. in making it clear they had no plans to comply with Winn-Dixie's pricing demand (AA, Oct. 3).

"We have had some items discontinued," said Sydney McHugh, a P&G spokeswoman. "We're disappointed, but that's Winn-Dixie's prerogative."

The chain has said it no longer will accept promotional allowances on a market-by-market basis but will place chainwide orders at the lowest available prices—even if those prices are offered in only one of its markets.

Some of the big food marketers are contemplating retaliatory coupon blitzes in Winn-Dixie markets to boost demand for the discontinued products.

"This is more than a single account at issue. This speaks to the need for reviewing the industry's long-term strategies for trade allowances," said Craig Shulstad, director of media and financial relations for General Mills.

Winn-Dixie refused comment

(Continued on Page 75)

HOT STUFF

Breaking campaigns

Hyundai Motor America highlights the spaciousness of its new Sonata in a TV spot that starts running next month. Backer Spielvogel Bates, Huntington Beach, Calif., handles.

A new Diet Dr Pepper spot stars comedian Judy Tenuta, who explains the diet drink keeps her from turning into a "big bull moose." Young & Rubicam, New York, handles. *(See story on Page 71.)*

1992: a false sense of 'Europhoria'?

By LAUREL WENTZ

LONDON—The skeptics are starting to emerge on the subject of a barrier-free Europe in 1992.

Marketers have been carried away by the euphoria of a European Community that supposedly would be similar to the U.S., but now a few companies are beginning to realize it won't be that easy.

At a "Euro 1992" conference here last week, organized by the International Advertising Association, some executives said cracking the European market still will be hard after trade barriers fall.

Europe is gripped by "Europhoria," ignoring difficult details such as the loss of economic independence to focus on a rosy long-term future vision, said Mike Johnson, editor of *International Management*.

He compared European Parliament Commission President Jacques Delors to "Julie Andrews in 'The Sound of Music' with a family of cute little bureaucrats yodeling in the background."

The business monthly's September cover story on 1992 said industry restructuring to prepare for a single European market will eliminate between 250,000 and 500,000 jobs. Restructuring also could lead to labor unrest, economic disruption and protectionism arising from a worsening trade deficit.

European Community to scrutinize 'media moguls'—P. 74

The passing of 300 EC directives to cover every trade aspect could result in more regulation than deregulation.

"We may see proposals for directives on videotex, tobacco advertising, sexism [in advertising] and certain types of food claims," said Alastair Tempest, secretary general of the European Advertising Tripartite.

As companies focus on the cost savings of 1992, the consumer could end up being worse off—rather than better off—than he is today, Clay Timon, VP-director of worldwide advertising at Colgate-Palmolive Co., said in a speech at the conference.

A European Community housewife won't suddenly emerge on Jan. 1, 1993, Mr. Timon said. "Her needs, her desires and her consumption habits are not going to change appreciably. And this we cannot ignore."

For example, toothpaste and oral care can't be marketed in the same way across Europe because they aren't perceived the same way everywhere, Mr. Timon said.

In Spain, toothpaste is regarded as a cosmetic. Spanish toothpaste commercials look glamorous, like soft-drink commercials. In the U.K. and the Netherlands, toothpaste consumption is three times as high as in Spain and Greece, and the product is seen as therapeutic.

Sometimes products themselves have to change from country to country. Mr. Timon cited the example of Ajax household cleanser, used straight out of the bottle in northern Europe to obtain a glossy shine in spot cleaning.

In southern Europe, Ajax is used

(Continued on Page 74)

Highlights

NEWS

6 Breakaway bug goes West
Three senior executives have left Chiat/Day to hang out their own shingle.

12 Brits tap into U.S. beer wars
The British are coming. The British are coming. Only this time they bring beer bound for U.S. shores.

24 Kahlua on expansion trail
Maidstone Wine & Spirits is testing its first Kahlua line extensions.

30 The more the merrier
General Mills is betting on three new cereal entries to stem a market-share slide.

44 Raisins d'etre
Sun-Maid Growers of California and Castle & Cooke hope for help from the grapevine in their battle for branded-raisin market share.

45 Blacks target Mac, GF
McDonald's Corp. and General Foods Corp. are the newest targets of black broadcasters looking for a bigger share of national ad dollars.

52 Retail bloom-ies in Chicago
Chicago retailers may see a better than expected Christmas, thanks to an unexpected benefactor: Bloomingdale's.

62 Simple solutions
Sometimes the more complicated a commercial gets, the simpler it needs to look.

66 Washing warriors
Procter & Gamble Co. and Clorox Co. are staring each other down on rival new products in several U.S. markets.

71 Dr Pepper pep rally
Dr Pepper will stand up against the colas with humorous new commercials intended to further differentiate its flavor.

73 FDA looking for wrinkles
In addition to Estee Lauder, the Food & Drug Administration is preparing regulatory letters for other cosmetics companies.

AD REVIEW: Political ads give Bush the lead. P. 76.

COMPUTERS & YOU: "Desktop video" has arrived. P. 48.

Departments

Best of Press	46
Brady	42
Brady's Bunch	26
Calendar	66
Classifieds	63
Editorials	16
For the Record	69
Forum	18
Global Gallery	38
Letters	22
MediaWorks	56
People	68
PeopleWorks	68
Photo Review	72
The Next Trend	43

Vol. 59, No. 43—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semiweekly the fourth week in March and the fourth week in September at 740 Rush Street, Chicago, Ill. 60611-2590. Second-class postage paid at Chicago and additional mailing offices. Send address changes to ADVERTISING AGE, Circulation Department, 965 E. Jefferson, Detroit, Mich. 48207. $2.00 a copy, $64 a year; $109 two years. Add $104 per year for air delivery to Europe & Middle East. Add $49 for surface mail to all other foreign countries. WILLIAM STRONG, VP-circulation; JOHN HUFFMAN, fulfillment director; DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Address all subscription correspondence to Circulation Department, Advertising Age, 965 E. Jefferson, Detroit, Mich. 48207. 1-800-992-9970. Microfilm copies are available from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, Mich. 48103. Microfiche copies are available from Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, O. 44691. AD AGE is available for electronic retrieval on the NEXIS® Service, Mead Data Central, Inc., P.O. Box 933, Dayton, O. 45402 (800 227-4908).

Towne shop on the block

By JON LAFAYETTE

NEW YORK—After chasing away all potential suitors two years ago, Towne, Silverstein, Rotter, an $80 million agency, is inviting acquisition proposals.

"The economics of the agency business have changed," said TSR President Steven Rotter. "I'd listen to offers now."

His admission is unusual. Most agency executives deny being involved in merger discussions and loudly proclaim the virtues of independence up until the moment the ink is dry on a contract selling their shop.

Mr. Rotter, who said he hasn't received any feelers in the past six months, said his change of heart is partly based on figures he's seen on how much an agency of TSR's size would be worth.

Using one standard formula based on the agency's $12.3 million in gross income, a ballpark price for the agency would be $6 million to $7 million, industry observers say.

Mr. Rotter said that in addition to "putting a bunch of money in the bank," a sale would give TSR clients the support of a large agency.

Although he would be willing to sell, given the right offer, Mr. Rotter added, "we wouldn't do it [just for the money] if we didn't fit."

TSR is owned by Mr. Rotter, 38, and CEO Leslie Towne, 55. William Silverstein, who'd been chairman-director of creative services, retired a year ago, Mr. Rotter said.

The agency has been profitable in 21 of its 22 years, landing in the red once in the mid-'70s because of problems with one of its accounts, the popular Rubik's Cube toy (then marketed by Ideal), he said.

The agency's clients include Canandaigua Wine Co., Lewis Galoob Toys and Emerson Radio Corp. However, Levy, King & White, a Buffalo, N.Y., agency near Canandaigua's headquarters, is eager to pick up more business from the wine company.

Levy King has been handling Sun Country cooler's sales promotions for the past year. A few months ago, the small shop was named agency of record for Canandaigua's latest product, Marcus James White Zinfandel.

Mr. Rotter believes that because his agency's key clients are in "unusual categories," TSR should be "more appealing" to an acquisition-minded agency and be able to command a good price. Also desirable, Mr. Rotter said, is the agency's recently launched sales promotion division.

There are several agencies reportedly pursuing acquisitions in New York. Among them are Roux, Seguela, Cayzac & Goudard, Paris; WCRS Group, London; and Dallas-based Tracy-Locke, a subsidiary of Omnicom Group.#

'Cosby' starts slow on syndicated TV

By VERNE GAY

NEW YORK—The new fall season has kicked into high gear on syndicated TV, but it appears few viewers have noticed.

A batch of new, highly touted shows hit the air last week, including "The Cosby Show" and "Family Feud." Initial audience reaction, however, appears lukewarm, based on overnight ratings in a handful of markets.

"The Cosby Show," which made its debut Oct. 3, bowed to an 8.5 A.C. Nielsen Co. rating on WWOR in New York. The show on Oct. 7 turned in ratings of 8.6 on WFLD in Chicago and 8.9 on KCOP in Los Angeles.

LBS Communications' "Family Feud," which has early-morning placement on three major CBS owned & operated stations, got a 5.6 rating on WCBS in New York on Oct. 5. But it earned ratings of only 1.6 in Los Angeles (KCBS) and 2.0 in Chicago (WBBM). LBS said the show eventually will do between an 8 and 10 national rating.

Many stations paid a king's ransom for the syndicated "Cosby" and staked their financial futures on the show's outcome.

Stations are also still interested in

(Continued on Page 70)

Chiat/Day execs break away

By CLEVELAND HORTON

The breakaway bug has reached the West Coast. Three senior executives have bolted Chiat/Day to hang out their own shingle.

Greg Helm, 41, former senior VP-general manager at Chiat/Day's Venice, Calif., office, is now managing director of the new agency, Stein, Robaire & Helm.

John Stein, 37, and Jean Robaire, 31, both VP-associate creative directors at Chiat/Day, are co-creative directors of the new agency.

The Stein-Robaire creative team, best known for its celebrity Pizza Hut campaign, has won numerous creative awards and is considered a West Coast powerhouse. Mr. Helm distinguished himself at Chiat/Day when he managed the often-stormy Apple Computer account.

Unlike the high-profile breakaway from Lord, Geller, Federico, Einstein in New York last March, where about 60 employees left to join Lord Einstein O'Neill & Partners, the former Chiat/Day executives say they won't go after their alma mater's clients or staffers. The new agency has no start-up accounts and is looking for office space in Los Angeles.

Both Mr. Helm and Bob Wolf, Chiat/Day vice chairman and president of the Venice office, said the departure was amicable, but it was also abrupt. The three principals offered their resignations on Sept. 30 and were immediately escorted out of the agency.

"I offered them as much [notice] as they wanted," Mr. Helm said. "But they said, and I agree with this philosophy of management, 'Thank you, but with all due respect . . .'"

Mr. Helm said he was concerned that the breakaway would be interpreted as hostile, even though he said it wasn't.

"It's something I've always wanted to do, but I didn't want to leave Chiat/Day," he said.

However, he indirectly attacked the agency's recent expansion. "I hope [Stein, Robaire & Helm] will always be as challenging as Chiat/Day was at the beginning, when it was a smaller agency, where people call each other by their first names," Mr. Helm said.

Mr. Wolf took exception to any suggestion that Chiat/Day has suffered from the growth associated with the win of Nissan Motor Corp. USA's $150 million-plus account and later the $80 million in Nissan dealer business.

Asked about reports that Chiat/Day is an agency split between those who work on the Nissan account (the haves) and everyone else (the have-nots), Mr. Wolf said: "I don't agree with it, and I don't want to talk about it. Everybody who writes a story wants to write that story." The breakaway team didn't work on the Nissan business. #

Marcy Magiera in Los Angeles contributed to this story.

Chiat alums (from l.) Greg Helm, John Stein and Jean Robaire after the breakaway.

You Call Him Governor.

We Call Him A Subscriber.

An impressive group, these Washington Post National Weekly Edition subscribers—about 70,000 nationwide whose passions are politics and power, who spend an average of 1.8 hours reading every issue, and whose profiles are testament to their leverage.

Politically Connected: 42,700 finance political parties, committees and candidates, 18,200 lobby elected officials, 5,500 are in government offices.
Influential: 17,500 are authors, 16,100 hold doctorates, 3,200 are chairmen, presidents or CEOs, a long list of media members.
Very Rich: average household net worth, $455,000, including 6,100 millionaire households. It's just a matter of semantics. We call them subscribers. You call them prime targets. And the first step to calling them yours is a call to Glen Fortinberry, Jr., 1-800/624-2367, ext. 6254.
Act now to reserve space in the big Fifth Anniversary Issue, Nov.7.

NATIONAL WEEKLY EDITION
The Washington Post

DATA SOURCE: Erdos & Morgan, 1988

Mail-order ads planned for Soviets?

By STEVEN W. COLFORD

WASHINGTON—A major U.S. consumer-products company is negotiating with Soviet officials about airing mail-order commercials in Soviet TV programming, says a leading producer of joint U.S.-Soviet programming.

Ed Wierzbowski, president of Global American Television, last week refused to identify the U.S. marketer but said such an agreement would represent a "breakthrough" for advertisers.

The spots would direct viewers to send money to a post office box in the Soviet Union; from there, it would be relayed to the U.S. marketer, he said. The marketer then could send the product to the Soviet Union.

Only a handful of U.S. marketers have used TV to reach the Soviets, mostly because U.S. goods aren't readily available in the Soviet Union.

Another issue that must be resolved is how U.S. marketers in general can bring their profits out of the Soviet Union.

Mr. Wierzbowski is also looking for U.S. advertisers to buy time on the Nickelodeon children's series "Fraggle Rock," which he said will make its Soviet TV debut early next year. #

CORRECTIONS & CLARIFICATIONS

- No longer an exec VP, Rob Weinberg, author of the "Viewpoint: Forum" essay, "Marketing's kissin' cousins" (AA, Sept. 26, P. 20) is now president of W.L. Harvey Inc., New York.
- A photo of participants at the Detroit International Croquet Tournament sponsored by *Town & Country* (AA, Sept. 12, P. 94) was misidentified. The three are (from l.) Val Corradi, president, Corradi Co., Bloomfield Hills, Mich.; Bob Gamble, senior VP, J. Walter Thompson USA, Detroit; and Terry Sweeney, Detroit marketing manager, *Business Week*, Southfield.
- A report on a new magazine for polo players (AA, Aug. 22, P. 52) should have mentioned *Polo*, Gaithersburg, Md., which has 5,000 paid circulation and is affiliated with the U.S. Polo Association.
- Top imported beers as reported by Information Resources Inc. (AA, Aug. 15, P. S-6) should include Labatt's with volume share of 7.0. "All others," with the inclusion of Tecate, changes to 21%. #

Retailers hope for holiday jingle

Analysts expect improved fourth-quarter profits

(Continued from Cover)

tailers' pricing policies. Mr. Landschultz said he doesn't think retailers will mark up merchandise as steeply or subsequently take as sharp a markdown as last year.

One source of optimism is expected fourth-quarter sales in key categories. Because of current strength in apparel and home-related, recreational and upscale merchandise, industry analysts expect fourth-quarter retail sales to rise 5% to 8% over the same period last year. With inflation running at 3% to 4%, "real" gains should be in the 2%-to-4% range.

Those figures resemble last year's fourth quarter, when general merchandise sales climbed 5.5% to $109.7 billion, inflation hit 3% and real sales were up a modest 2.5%, according to the National Retail Merchants Association.

But the crucial element is profits, not sales.

"In terms of profitability, this Christmas is going to look a whole lot better," said James Newton, president of Economic Perspectives, a research and consulting company.

If things shape up as expected, merchants stand a chance of breaking out of their price-cutting spiral even though no hot new items have yet appeared on the horizon.

In fact, retailers run the risk of running out of merchandise if sales exceed their relatively modest expectations.

Analysts are upbeat

"This Christmas will be much better. Retailers will do very well on their bottom lines," said Mesirow's Mr. Landschultz.

"It will definitely be a better Christmas than it was last year," said Fred Wintzer, specialty apparel retail analyst at Alex. Brown & Sons. "Last year retailers were loaded down with inventory; this year they'll be lean. They're going to make a lot more money."

In his opinion, specialty retailers' profit margins should rise by 2% in the fourth quarter, compared to a drop of 3% to 4% in last year's final quarter.

Despite consumer surveys *(see related story on this page)*, industry experts have high hopes that consumers are ready to buy, if only somewhat more cautiously than in previous years.

"The environment looks different this year than it did last year," said Rosalind Wells, chief economist at the National Retail Merchants Association. "The economy is in good shape, employment and income levels are high, and consumer confidence levels have been extremely good. Barring some unforeseen event, like last year's stock market crash, demand should pick up and stores should panic less."

Paul Leblang, senior VP-director of marketing at Saks Fifth Avenue, agreed. "Assuming that nothing unexpected happens, customers should be in good shape," he said, noting that last year's market volatility had a definite impact on Saks' business.

Even the less-than-thrilling consumer spending surveys are consistent with retailers' feelings that consumers are choosing quality over quantity and exercising greater control over their buying.

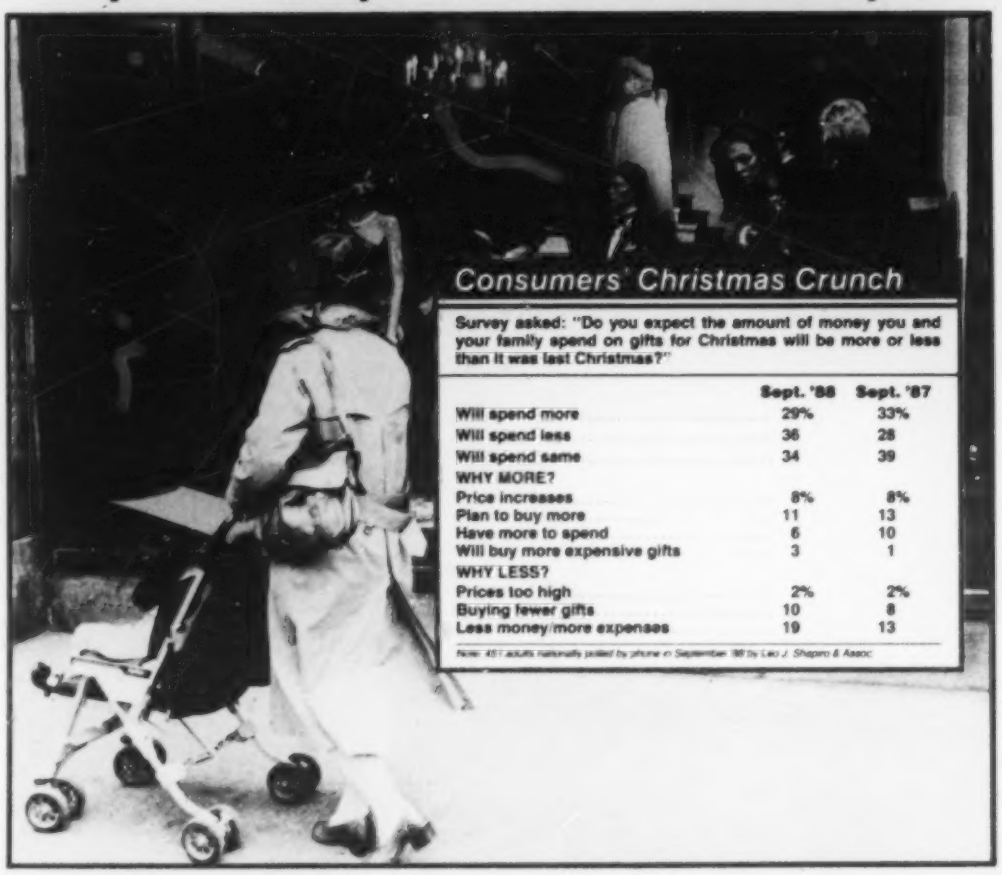


Photo by Susan Paddon Lukes

Consumers' Christmas Crunch

Survey asked: "Do you expect the amount of money you and your family spend on gifts for Christmas will be more or less than it was last Christmas?"

	Sept. '88	Sept. '87
Will spend more	29%	33%
Will spend less	36	28
Will spend same	34	39
WHY MORE?		
Price increases	8%	8%
Plan to buy more	11	13
Have more to spend	6	10
Will buy more expensive gifts	3	1
WHY LESS?		
Prices too high	2%	2%
Buying fewer gifts	10	8
Less money/more expenses	19	13

Note: 457 adults nationally polled by phone in September '88 by Leo J. Shapiro & Assoc.

Consumers remain cautious

CHICAGO—Consumers appear to be approaching the holidays this year as cautiously as they did after the October 1987 stock market plunge.

Leo J. Shapiro, head of Leo J. Shapiro & Associates, a consumer research company, expects this holiday season to be a "cliff-hanger" for retailers.

"Consumers are making their buying decisions later and later, because they are waiting to see if the products will go on sale," he said.

In its latest survey of consumer plans, Shapiro found the spending outlook gloomier in September 1988 than the precrash outlook a year earlier.

This year, 63% of the respondents said they plan to spend more or the same as they did last year, compared with 72% a year ago.

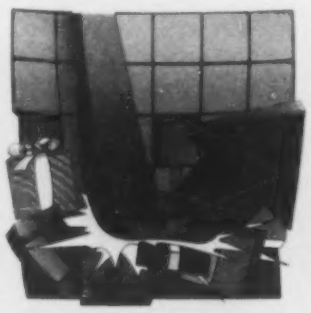
Suprisingly, the results are even gloomier than last November, when 65% planned to spend more or the same as a year earlier.

In another major survey, the Conference Board's ongoing consumer confidence survey of 3,500 people found last month that confidence levels dropped almost 11 points compared to August.

"That ain't no kid stuff," said Fabian Linden, executive director of the board's consumer research center.

"It's hard to tell if this is merely a pause in consumer optimism or the beginning of a larger decline," Mr. Linden said.

A similiar survey at the University of Michigan Institute for Social Research found consumers are "quite concerned" about inflation, said Richard Curtin, director of the survey.



But he said preliminary data for September show a slight rise in consumer confidence.

"I think Christmas sales will somewhat benefit from this attitude, but we won't see a boom in Christmas sales," Mr. Curtin said. "I think consumers will be spending a little more than usual, but this is because inflation will be higher than in the past year."

Impact Resources, a retail consulting company that tracks consumers' intention to buy various goods, reported an across-the-board drop in purchase intentions between this year's third quarter and a year earlier.

The drop cuts across all categories, including cars/trucks, computers, furniture, home appliances, homes/land, jewelry/watches, recreational vehicles/boats, stereo equipment, TVs/videocassette recorders and vacation/travel.

The score for consumers' purchase intentions in the third quarter was 141.1, down 17.7%. The score reflects consumers who say they definitely or probably intend to buy a given item.

Of the categories listed, stereo equipment suffered the steepest decline, furniture was second and computers third.

"What we're seeing is something pretty typical of an election year. It's not that the economy is falling apart; it's just that people are uncertain and waiting to see what will happen," said Gary Drenik, president of Impact Resources.

Ironically, he expects that Christmas this year will be a "moderate success" in part because the data also indicate a fair amount of pent-up demand.#

"Customers today are older, more conservative, not as easily swayed," Mr. Barnard said. "And retailers are gradually beginning to realize that the impulse-buying customer of the past is giving them a cold shoulder."

As baby-boomers have become older and more mature, "they're less prone to self-indulgent spending sprees," said Carol Farmer, president of Carol Farmer Associates, her own retail consultancy. "They're shopping now with lists, and that makes a big difference in what they buy."

In general, high-quality items targeted at upper-income consumers stand to reap substantial gains because virtually all of the nation's income growth this year has been concentrated in the wealthiest 20% of population.

The immediate consequence is that the broad middle- and lower-middle-class markets probably won't have as much to spend, said Carl Steidtman, chief economist, Management Horizons, a retail consultancy.

The longer-term consequence is an increasing split between the haves and the have-nots that's gradually changing the shape of retail markets.

"At the top, people are in a better condition to buy luxury goods like cashmere, natural fibers or whatever the latest toys are," said Fred Marx, president of Marx & Co., a retail consultant. "At the bottom, people are extremely price-oriented. . . . But it's the middle market that's kind of treading water."

Apparel sales crucial

Apparel is a critical category. Although sales figures for September aren't available yet, "Retailers are saying women's apparel is showing signs of life again," said Ms. Wells of NRMA.

She noted that stronger apparel sales will give a needed lift to specialty stores and general merchandise stores, which have been hurt most by the yearlong slowdown in apparel sales.

Apparel's recovery is being driven by pent-up consumer demand and more acceptable fall fashions, rather than a much-hoped-for fall fashion trend that never materialized.

The themes of the season are "more colors, better silhouettes, more variety in hemlines, suede shoes: a hodgepodge," said William Smith, retail analyst at Smith Barney, Harris Upham & Co.

"With so many fashions revolving around miniskirts, women delayed buying apparel, but we're feeling the benefits of those postponed purchases now, [and] we expect this to continue through Christmas," said Bob Capelli, senior VP-sales promotion at Marshall Field's.

Like last year, "hot" items in everything from toys to consumer electronics are in short supply this holiday season.

Service isn't just for holidays

That leads Morris Saffer, president of Toronto-based Saffer Advertising, which specializes in retail, to draw an analogy with the automobile industry.

"Retailers are having the same problem as auto manufacturers had when the new model year no longer automatically resulted in a surge in sales. Then they had to become good merchants all year long. We're seeing the same kind of thing happening in fashion and other industries, and that's changing the tenor of Christmas."

In Mr. Saffer's view, the merchants' main task this holiday season is to "woo" customers who've been disappointed in the lack of newness or excitement in store offerings. He believes stores that provide good service, well-selected merchandise and a sense of drama in their presentation will have success, while stores that adopt superficial sales promotion tactics will lose share.

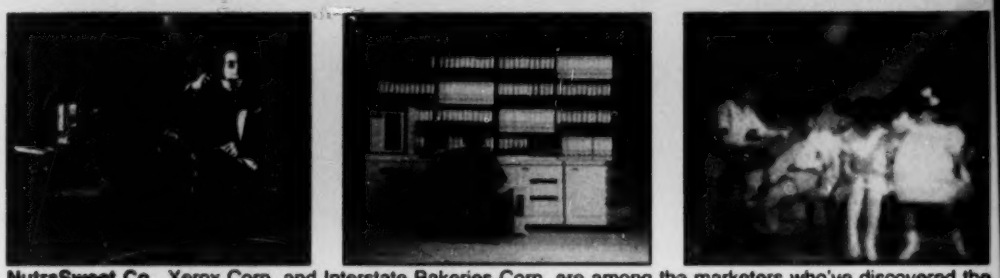
Experts suggest that the "identity" of stores is important this year because of the wave of mergers and buyouts that has swept the retail industry, creating unprecedented turmoil.

"When you have changes as dramatic as these, the nature of individual stores changes and consumer allegiances are going to be more questionable than they historically have been," said Bernie Feiwus, senior VP-marketing and advertising at Nieman Marcus.

"This is a real opportunity for retailers to come up with a clear and focused strategy to pick up con-

(Continued on Page 62)

Plain backdrops let viewer focus on the ad's pitch



NutraSweet Co., Xerox Corp. and Interstate Bakeries Corp. are among the marketers who've discovered the virtues of plain backgrounds in TV campaigns.

By JULIE LIESSE ERICKSON

Sometimes the more complicated a commercial gets, the simpler it needs to look.

Several new technologically manipulated TV spots have caused agencies to produce ads with plain backgrounds. Campaigns now running for Xerox Corp., American Isuzu Motors and the National Dairy Research & Promotion Board feature neutral backdrops as settings for unusual images.

The Xerox campaign uses actors and dancers to demonstrate the features of the company's line of copiers, facsimile machines and other business equipment (AA, Sept. 12).

"We not only used the backdrop to give a strong graphic look to the spots, but there's so much electronic manipulation of the images that it was necessary. We needed a way to shoot scenes separately but marry them cleanly. So there was a real technical reason for it," said Howard Benson, group creative director for Backer Spielvogel Bates, New York, which produced the ads.

A new execution in Los Angeles agency Della Femina, McNamee WCRS' Joe Isuzu campaign features a shower of paper money that's attracted like a magnet to an Isuzu Trooper II, which sits—of course—in front of a plain white background.

And in the dairy board's milk campaign from McCann-Erickson, San Francisco, children grow up and become adults in front of a plain backdrop.

But agency creatives opt for a plain background for other reasons.

NutraSweet Co. used pint-size actors to impersonate Whoopi Goldberg, Robin Leach and Joan Rivers in its current campaign for Equal tabletop sweetener.

The Equal spots used a gray, crinkled backdrop because "We wanted viewers to look at the kids; the simple surroundings give a confused feeling at first about whether they are kids or adults, and that's what we wanted," said Joe Johnson, art director at Ogilvy & Mather, New York.

Campbell-Mithun-Esty, Minneapolis, decided to shoot its new spot for Interstate Bakeries Corp.'s Butternut bread on a plain backdrop rather than in a schoolroom setting.

The commercial promotes white bread as one factor in reducing the risk of heart attack. A group of children play musical chairs, with one child left out at the end.

"The message here is that heart disease is as unsuspecting as the kid who doesn't get a chair. So the idea was to make these kids symbols—of any innocent person in any environment who loses out," said John Borchardt, C-M-E broadcast producer. "We felt that putting them in a specific location would cause viewers to see them as representatives of a specific demographic group."

Mr. Borchardt went on to say, "The backdrop offers a nice-looking, generic but dramatic way to present an idea. It's kind of an artsy thing to do, but it's nice to move away from putting shadows of venetian blinds on a blank wall."

"It gets a fresh look and moves away from the clutter of live-action spots," said Backer's Mr. Benson. "With these kinds of ads, the message is in the graphics of the spot—and the audience really understands that."#

Yellow Pages
HOTLINE
For National Advertisers
Call with questions about your National Yellow Pages Program
1-800-742-1002
1-800-354-5677
In N.Y. State

Holiday

(Continued from Page 35)

sumers," and also address consumers' confusion, Mr. Feiwus added.

However, retailers' overall conservatism is expected to be reflected in their holiday advertising and marketing plans. "No one wants to change their marketing strategies dramatically, because no one is sure where the consumer is or where he is going," said Mr. Barnard of *Retail Marketing Report*.

For their part, retailers express cautious optimism and a reluctance to give away specifics of their holiday marketing strategies early in the season.

Some, like Wal-Mart Stores, are starting the holiday season this month. "Customers gear up earlier and earlier every year," said Stacey Duncan, Wal-Mart public relations coordinator.

Rival K mart Corp. anticipates a "reasonably good" season, with Christmas ads breaking around Thanksgiving and December sales increases of 6% to 7%, said Orren Knauer, director of investor relations.

Although many retailers including K mart overestimated demand for stuffed Christmas bears last year, K mart is bringing back "Our Christmas Bear" as a purchase-with-purchase promotion; that is, the bears are sold to customers who make other purchases at K mart.

Retailers are divided on the subject of the bears, with some arguing that the marketing ploy has become tired and others counting on them for yet another year.

Minneapolis' Dayton Hudson Department Stores Co. is credited with introducing the bears in 1985; this year, it's selling a limited edition of its Santa and Miss Bear characters and paring related Santa Bear products to 130 from 160 last year, said Cyndi Schlosser, director of public relations.

In sunny California, however, Dayton Hudson Corp.'s Mervyn's division has decided not to bring back last year's plush Christmas bunny or 1986's Max the Reindeer.

Marshall Field's in Chicago agrees and isn't bringing back its Mistletoe bear as a purchase-with-purchase promotion. Instead, it will use bear logos on some merchandise, like children's apparel, and make Mistletoe bear one of its Christmas tree characters, along with Uncle Mistletoe and Aunt Holly.

Other retailers, which have made the characters a critical part of their holiday strategy, are more sure of their lasting appeal. For instance, the Broadway-Southern California, a division of Carter Hawley Hale Stores, is counting on its Jingle Bear to be a "goodwill ambassador" during the holidays, a spokesman said.

And in Boston, Filene's has added several characters to its Felix and Felicia bear couple this year, including Fi-Ling, a Chinese panda whom they adopt, and new friends Betsy Bunny, Otto Owl, Sidney Skunk and Rusty Raccoon.

The tactic, used by stores in other parts of the country, is to create a story line around the characters and advance it each year.

Some stores still think that purchase-with-purchase or gift-with-purchase promotions are important but see the need to move beyond plush stuffed animals.

In Washington, for instance, Woodward & Lothrop this month introduced Talk of the Town, a red-and-gray telephone, selling for $18.50. As of Dec. 3, the phone will be sold for $7.50 with each $50 purchase.

Separately, instead of using its plush Kringle bear as a promotional tool, like last year, the chain will sell the bears for $10 with no related purchase requirements.

Several retailers are counting on stronger holiday ad budgets to pump up sales.

Toys "R" Us intends to be "very aggressive" with a strong TV and print presence, said Ernie Speranza, VP-advertising and marketing.

In response to continuing pressure to start the holiday season early, the chain will kick off its efforts this month, with its major ad push coming after Thanksgiving.

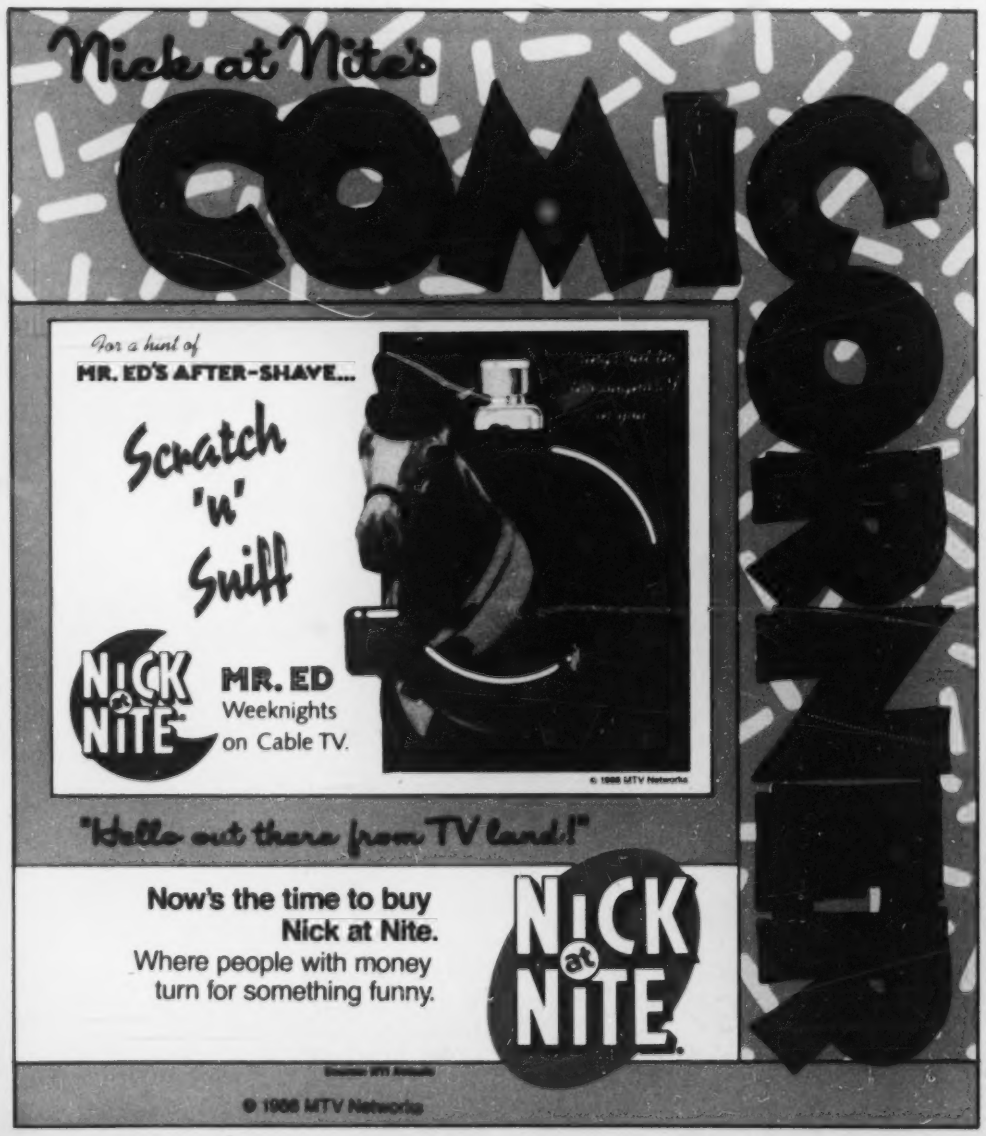
Rival FAO Schwarz is also boosting its print-only ad budget, which will be devoted to ads that have a strong emotional appeal, said President-CEO Peter L. Harris.

Bloomingdale's also will spend more on advertising that will "sell the store, rather than price," Gordon Cooke, exec VP-sales promotion, said recently in an interview with a retail publication.

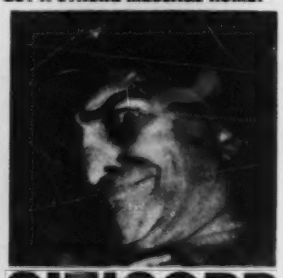
Categories that should do well this year include fragrances, cosmetics, jewelry, compact disc players, home furnishings, sporting goods and home videos.

On the video front, marketers are slashing prices and creating special holiday packages in preparation for what's expected to be the most competitive video selling season ever.#

Written by Judith Graham in New York from bureau reports.


Nick at Nite's
COMIC STRIP
For a hunt of
MR. ED'S AFTER-SHAVE...
Scratch 'n' Sniff
NICK at NITE
MR. ED
Weeknights on Cable TV.
© 1988 MTV Networks
"Hello out there from TV land!"
Now's the time to buy Nick at Nite.
Where people with money turn for something funny.
NICK at NITE
© 1988 MTV Networks

WILL JORDAN
AS
GENERAL PATTON
"CITICORP SALUTES YOU! . . EXACTLY WHAT WE NEEDED. SALES FORCE INSPIRED . . MOTIVATED . . ABSOLUTELY NO ONE COULD HAVE DONE IT BETTER! GOT A STRONG MESSAGE HOME!"



CITICORP
SALES CONFERENCE
OCEAN REEF, KEY LARGO
For Info Contact Will Jordan
212-265-1652